

Florida Department of Transportation Monthly Performance Review Meeting April 18, 2013

1. Acknowledgement of Visitors: Brian Blanchard recognized Frank O'Dea who is sitting in as Chief Engineer while Tom Byron is out of the office.
2. Review of Minutes: The March minutes were reviewed and approved.
3. Monthly Reports:

Performance Report – Freddie Simmons presented the Performance Report through March 2013.

CONSULTANT ACQUISITION:

- Executed 97% of the year-to-date (YTD) plan statewide in dollars (\$512 of \$525M) plus an additional \$51M for \$563M YTD total.
- Executed 107% of the YTD plan statewide in numbers (756 of 709) plus an additional 126 for 882 YTD total.
- 8 projects @ \$4M in the YTD plan have not been executed.
- We are on track to execute 1,188 projects at \$818M (less negotiated savings). That is 289 projects @ \$92M added above the adopted.

RIGHT-OF-WAY:

CERTIFICATIONS:

- Certified 97% of the YTD plan in all districts (36 of 37) plus an additional 28 for 64 certifications YTD total.

PROGRAM EXPENDITURES:

- Acquired 81% of the YTD dollar value of parcel acquisitions (\$179M of \$221M).

ACQUISITIONS:

- Completed 120% of the YTD number of parcel acquisition actions (867 of 721).

METHOD OF ACQUISITIONS:

- Negotiation rates are at 69% with the 70% target.
- % parcels negotiated within 20% of initial offer is at 66% with a target of $\geq 50\%$.
- % condemned parcels acquired with final judgment $\leq 50\%$ of range of contention is at 80% with a target of $\geq 50\%$.
- Of the 867 parcel acquisition total,
 - 517 (60%) were negotiated
 - 229 (26%) were acquired by order-of-taking
 - 121 (14%) were voided.

EMINENT DOMAIN/PARCEL INVENTORY:

- Began the year 7/1/12 with 287 parcels in the inventory with 357 on 3/31/13.
- 62 parcels (17%) are in the > 24 month category with a target of $\leq 40\%$.

EXCESS PROPERTY SUMMARY REPORT:

| SECRETARY'S EXCESS PROPERTY SUMMARY REPORT MARCH 2013 | | | | | | | | | | |
|--|----------|-----------|----------|-------------|-----------|-------------|-----------|-----------|-------------|----------------|
| CATEGORIES | D1 | D2 | D3 | D4 | D5 | D6 | D7 | TURNPIKE | STATEWIDE | END OF FY 2012 |
| # of Parcels Identified as Excess | 76 | 67 | 32 | 51 | 250 | 72 | 156 | 262 | 966 | 955 |
| # of Parcels Under Review for Sale | 0 | 0 | 0 | 0 | 2 | 5 | 19 | 2 | 28 | 6 |
| # of Parcels Available for Sale | 8 | 132 | 14 | 12 | 4 | 59 | 46 | 9 | 284 | 260 |
| # of Parcels with Conveyance Pending | 1 | 0 | 1 | 12 | 1 | 0 | 5 | 12 | 32 | 38 |
| # of Parcels Under Review for Lease | 0 | 0 | 0 | 1 | 0 | 4 | 6 | 0 | 11 | 3 |
| # of Parcels Available for Lease | 3 | 0 | 0 | 15 | 2 | 55 | 14 | 0 | 89 | 95 |
| # of Parcels Sold in FY 2013 | 0 | 8 | 0 | 2 | 2 | 14 | 3 | 5 | 34 | 36 |
| Sales Revenue for FY 2013 | \$ | \$137,003 | \$ | \$277,600 | \$221,846 | \$1,115,986 | \$76,800 | \$392,260 | \$2,221,494 | \$2,856,329 |
| # of Leases with Revenue in FY2013 | 13 | 8 | 10 | 53 | 40 | 86 | 38 | 10 | 258 | 281 |
| Lease Revenue for FY2013 | \$28,656 | \$26,764 | \$53,659 | \$1,036,695 | \$263,777 | \$1,235,997 | \$432,799 | \$88,491 | \$3,166,840 | \$6,014,956 |
| NOTE: This report is subject to change upon completion of reconciliations with the Comptroller's Office. | | | | | | | | | | |

PRODUCTION ISSUES:

ADVANCED PRODUCTION (APP) as of APRIL 11, 2013

| APP DATA BY DISTRICT IN \$M | | | | | | |
|----------------------------------|-------------|---------------|---------------|---------------|---------------|---------------------------|
| DISTRICT | 2014 | 2015 | 2016 | 2017 | 2018 | DISTRICT 3 YR AVG. TARGET |
| 01 Total | 11,541,606 | 47,309,751 | 118,108,954 | 77,778,823 | 414,076,358 | \$85.6 |
| 02 Total | 30,114,652 | 364,165,224 | 136,066,908 | 304,868,530 | 216,367,166 | \$109.0 |
| 03 Total | 42,902,400 | 44,518,711 | 59,852,321 | 163,754,933 | 72,452,136 | \$135.6 |
| 04 Total | 18,174,862 | 38,914,163 | 61,116,888 | 677,794,192 | 0 | \$101.0 |
| 05 Total | 425,306,464 | 196,438,739 | 116,747,602 | 176,975,350 | 15,534,532 | \$116.7 |
| 06 Total | 4,113,690 | 158,825,743 | 193,652,380 | 118,561,619 | 370,974,583 | \$71.2 |
| 07 Total | 120,275,660 | 193,695,681 | 79,805,373 | 32,586,765 | 0 | \$142.0 |
| 08 Total | 280,206,451 | 207,499,646 | 243,589,875 | 118,437,270 | 649,956,992 | \$234.3 |
| Grand Total | 932,635,785 | 1,251,367,658 | 1,008,940,301 | 1,670,757,482 | 1,739,361,767 | \$995.4 |
| APP DATA BY CONTRACT TYPE IN \$M | | | | | | |
| CONTRACT TYPE | 2014 | 2015 | 2016 | 2017 | 2018 | |
| CONSULTANT | 61,899,001 | 50,938,644 | 23,429,050 | 10,989,000 | 11,269,900 | |
| ROW | 106,712,209 | 146,688,380 | 196,231,447 | 325,970,833 | 119,492,109 | |
| CONSTRUCTION | 690,799,092 | 969,833,119 | 679,672,854 | 1,201,416,595 | 1,436,739,290 | |
| CEI | 73,225,483 | 83,907,515 | 109,606,950 | 132,381,054 | 171,860,468 | |
| YEARLY TOTALS | 932,635,785 | 1,251,367,658 | 1,008,940,301 | 1,670,757,482 | 1,739,361,767 | |

AMENDMENTS through JANUARY 31, 2013

- Total: 138 amendments with 189 phase actions were processed totaling \$595.4M.
 - 66 Adds @ \$361.5 M
 - 7 Advances @ \$ 56.3 M
 - 13 Defers @ \$ 59.2 M
 - 51 Deletes @ \$113.9 M

REVISIONS AND ADDENDUMS

- There were 145 Contract Class 1 projects let through March in Tallahassee in FY2013 with:
 - 145 addenda
 - 86 were within 15 days
 - 90 revisions were processed
 - 62 were mandatory

CONTRACT LETTINGS:

- Let to contract 98% of the YTD dollar plan budget (\$1,259M of \$1,282M), plus an additional \$42M for \$1,301M total.
- Let to contract 101% of the adopted number plan (308 of 305) plus an additional 32 for 340 total lettings.
- 8 projects @ \$21M in the YTD plan have not been executed.
- Projected lettings APRIL-JUNE is \$1,073 M with 175 projects
 - 55 projects @ \$264M are planned for April.
 - 59 projects @ \$605M are planned for May.
 - 61 projects @ \$204M are planned for June.
- We are on course to end the FY at \$2.3B with 515 projects with a plan of \$2.3B with 438 projects.

BID ANALYSIS:

- Through March we had received bids on 340 projects for \$1,301M.
- The adopted/advanced/added estimate of these was \$1,456M.
- That resulted in \$155.3M in low bids averaging -10.7% statewide below the 7/1/12 adopted plan.
- The difference between official estimate and low bids was -6.6%.
- Through last March we were at \$242M in savings and 19% low bids.

CONSTRUCTION:

- YTD at 2.4% cost increase against a target of $\leq 10\%$ on 124 active contracts.
- YTD at 5.0% time increase against a target of $\leq 20\%$ on 124 active contracts.
- YTD with 93.5% of the contracts having final contract costs less than 110% of original, with a target of $> 90\%$ (contract status 6, 7 or 8)
- YTD with 84.7% of the contracts having final contract times less than 120% of original, with a target of $> 80\%$ (contract status 6, 7 or 8).
- A list of projects not meeting these measures is included.

VALUE ENGINEERING:

VALUE ENGINEERING (VE) PROGRAMS

- Statewide 14 VE Studies
- \$287.2M in Cost Avoidance/Savings recommendations with \$140.3M approved.
- \$48.4M in Value Added recommendations with \$27.5M approved.
- 103 recommendations with 58 approved or 56% with a target of $> 40\%$.
- 4.8% projects saved and 11.5% program saved.

COST SAVINGS INITIATIVE (CSI) PROGRAM

- 28 CSI acted upon with 16 approved.
- \$2.8M acted upon with \$2.4M approved.
- 0.53% projects saved and 0.19% program saved.

Kurt Lieblong provided the following information. Since the last report in March 2013, there were 5 Value Engineering recommendations approved worth \$36.4 million in project cost avoidance and there were 2 Cost Savings Initiative proposals approved totaling \$470,000 in project savings.

Through March 2013, there were 14 Value Engineering Studies conducted statewide. The Department has approved 58 of 103 (56%) Value Engineering recommendations worth \$140.25 million in project cost avoidance and \$27.52 million in value added. This resulted in a

4.75% project savings and an 11.50% program savings. During this same period, 16 Cost Savings Initiative proposals were approved worth \$2.35 million in project savings. This resulted in a 0.53% project savings and a 0.19% program savings.

CONTRACT MAINTENANCE:

- \$ Contracted statewide 106% of YTD plan (\$337M of \$317M) or \$20M more.
- # Contracted statewide 120% of YTD plan (1,108 of 924) or 184 more.
- The specific program areas not meeting their plan are included.

FREIGHT, LOGISTICS, AND PASSENGER OPERATIONS (FLP)

- FLP YTD at 111% of plan (\$441M of \$396M), \$45M ahead of plan.
- FRE YTD at 235% of plan (\$83M of \$35M), \$48M ahead of plan.
- The specific program areas not meeting their plan are included.

LAP PROGRAM:

CONSULTANT LAP ACQUISITIONS

- Executed 107% on the adopted plan statewide in dollars (\$9.6M of \$9.3M) plus an additional \$5.1M for \$14.7M total.
- Executed 111% on the adopted plan statewide in numbers (51 of 46) plus an additional 22 for 73 total.
- 1 LAP Acquisition has not been executed in the plan @ \$0.1M.

CONTRACT LAP LETTINGS

- Let YTD 106% of the adopted statewide dollar plan (\$52.3M of \$49.3M) plus an additional of \$13.6M for \$65.9M total.
- Let YTD 117% of the adopted statewide number plan (63 of 54) plus an additional 12 for 75 total.
- All LAP Lettings have been executed in the plan YTD.

FEDERAL AID:

- Total Obligation available this year = \$1,877,147,000
- Obligations through March 31, 2013 = \$654,487,000 or 34.9%
- Unexpended balance is at 1.09% with target of < 2.00%.

James Jobe presented the Federal Aid portion of the report.

FFY2013 Appropriations Act

On March 26, the President signed into law the Consolidated and Further Continuing Appropriations Act of 2013, which included a full year's federal appropriation for the U.S. Department of Transportation.

We've not yet received the official notice from FHWA regarding the impact of this legislation to the Federal Aid Highway Program. However, our review of the legislation appears to indicate that Section 3004 requires a new across the board rescission of 0.2 percent to reduce non-security related appropriations. It also appears to impact the Obligation Authority utilized by the Federal Aid Highway Program by about \$79.4 million nationally.

If our analysis is correct, then Florida's portion of this rescission will be in the neighborhood of \$4 million. We won't know for certain until we receive the official Notice from FHWA.

Obligation Authority Plan:

So far this year, we have about \$1.88 billion to obligate, which includes about \$126 million in deobligations year-to-date on projects that released funds and OA arising from low bids and closing projects under budget.

Through March we obligated \$654.4 million, which is almost 35% of the total annual plan of obligation.

Financially Inactive Federal Aid Projects:

The report shows the statewide summary of our financially inactive federal aid projects. It shows the current status of these obligated but unexpended balances as of month end, and also shows a trend line of the percentage obligated but still unexpended at the end of each of the last 24 months.

Also noted on the chart is the national benchmark used by FHWA, which has been recently reduced to a maximum of 2% of each state's annual federal apportionments. The new Tier structure currently in effect is also noted on the chart.

At the end of March we were at 1.09% under the new metric.

The trend chart will show the old measurements and benchmark through December, and the new measurements and benchmark from December forward. For December, the percentages are computed under both the old and the new, for comparison purposes.

Note the transition from the old to the new metric increased our percentage in December by roughly 60%, from .35% to .57%. However, even with the lowered benchmarks, Florida is still well below the level of the new benchmark of 2% of annual apportionments.

TRANSPORTATION COMMISSION MEASURES

- All measures were met YTD

MEASURES SUMMARY

D6 and SW met or were above all measure targets.

GOVERNOR'S PERFORMANCE REPORT MEASURES

| FLORIDA DEPARTMENT OF TRANSPORTATION KEY PERFORMANCE STANDARDS FOR FY 2013 (THROUGH MARCH 2013) | | | | | |
|--|---|---------------------------------|---------------------|---|---|
| PERFORMANCE MEASURES | DESCRIPTION OF STANDARD | DESIRED PERFORMANCE OR STANDARD | | ACTUAL PERFORMANCE | |
| CONSTRUCTION CONTRACT LETTINGS (Reported Monthly) | Monthly the Department tracks contract lettings compared to the July 1 Adopted Plan for the current fiscal year. These are for Highway and Bridge Programs only, which includes Resurfacing, Bridges, Roadway, Safety, and Traffic Operations. The desired standard is to let to contract 95% or more of the planned number and dollar amount. | Numbers of Lettings | Amount of Lettings | Numbers of Lettings | Amount of Lettings |
| | | ≥ 95% | ≥ 95% | 101% Plan 305 Performance 308 Production 340 | 98% Plan \$1,282M Performance \$1,259M Production \$1,301M |
| CONSTRUCTION CONTRACT COST AND TIME ADJUSTMENTS (Reported Monthly) | When projects reach a status of being conditionally, materially, and finally accepted (status 6, 7 or 8), the time and cost changes are determined. The desired standard is for contracts to be completed within 10% of the original contract amount and within 20% of the original contract time. | Cost | Time | Cost | Time |
| | | < 10% Increase | < 20% Increase | 2.4% | 5.0% |
| CONSULTANT PROJECT ACQUISITIONS (Reported Monthly) | These represent the number and dollar amounts of projects included in consultant contracts secured for the performance of preliminary engineering (PE), right-of-way (R/W), or construction engineering & inspection (CEI) services for the Department. They are compared to the July 1 Adopted Plan for the current fiscal year. The desired standard is to execute to contract 95% or more of those planned number and dollar amount. | Numbers of Projects | Amount of Projects | Numbers of Projects | Amount of Projects |
| | | ≥ 95% | ≥ 95% | 107% Plan 709 Performance 756 Production 882 | 97% Plan \$525M Performance \$512M Production \$563M |
| HIGHWAY MAINTENANCE PROGRAM EXPENDITURES (Reported Monthly) | Highway maintenance contracts are compared to the July 1 Adopted Plan for the current fiscal year and are tracked monthly. The desired standard is to execute to contract 90% or more of the planned number and dollar amount. | Numbers of Contracts | Amount of Contracts | Numbers of Contracts | Amount of Contracts |
| | | ≥ 90% | ≥ 90% | 120% Plan 924 Performance 1,108 | 106% Plan \$317 M Performance \$337 M |
| FREIGHT LOGISTICS AND PASSENGER OPERATIONS PROGRAM EXPENDITURES (Reported Monthly) | Monthly the Department tracks freight, logistics and passenger operations contracts compared to the July 1 Adopted Plan for the current fiscal year. The desired standard is to execute to contract 90% or more of the plan. | Amount of Contracts | | Amount of Contracts | |
| | | ≥ 90% | | 111% Plan \$396 M Performance \$441 M | |

Strategic Highway Safety Report – Joe Santos presented the safety report.

Construction Cost Indicators – Greg Davis reported on the current construction cost indicators.

Oil prices have dropped \$10 per barrel since September 2012 down to \$89. Energy Information Administration's (EIA) short term forecast for oil prices is around \$95-\$100 per barrel through 2014. Diesel fuel prices dropped 1.9% this quarter compared to last quarter, but are 2.9% above the same quarter last year. EIA's short term forecast for diesel prices shows a slight decline through 2014 and following a similar trend to crude oil prices. The PPI for non-residential construction dropped 0.6% this quarter from last quarter and remains 1.0% above the same quarter last year. The Associated General Contractors (AGC) stated that materials prices rose 1.3% in 2012 and will be 2.0-4.0% higher in 2014 and 3.0-8.0% higher in 2014-2017. National construction unemployment rate is declining as seasonal projects in the northern states begin work. Florida Heavy Civil Construction Employment saw a large increase in November 2012, but has slightly declined in the past couple of months. The AGC stated that labor cost rose 1.6% in 2012 and will be 2.0-3.5% in 2013 and 2.0-4.0% in 2014-2017. Florida permit activity dropped this quarter reversing an upward trend from the previous two quarters. The National Association of Realtors predicts a gradual uptrend through 2014 in the housing market. Construction cost upward price pressure will become significant when the housing market makes a full recovery.

Bituminous asphalt prices have been stable since fall of 2012. Asphalt pavement bid prices have increased since the second quarter of 2012, but decreased last quarter. Asphalt pavement prices should remain at this level due to stable oil prices (as mentioned earlier). Structural and reinforcing steel prices are down this quarter due to declining steel (material) prices. Structural Concrete prices are also down this quarter in spite of rising cement cost. Bid competition is back up to 5.0 bids per contract after falling to 4.2 bids per contract in November

2012. Low bids are 7% lower than the official estimate, which is probably a result of slightly higher bids and higher estimates. The Quarterly Price Trends report was down 3.0% last quarter, but was up 1.4% over the past two years. This gradual upward trend is expected to continue over the next couple of years. Construction costs should remain stable over the next couple of years unless there is a significant change in one of the trends discussed today.

Salary Projections and Operating Budget – The Fiscal Year 2012/13 Budget Status report (featuring Projected Salaries & Benefits as of March 31, 2013) was presented. The prior month statistics have been added to the Projected Salaries & Benefits Surplus/(Deficit) chart. Reserve vacancies were highlighted and it was explained that those vacant positions (which has been updated since March 31, 2013 to total 300) would not be available for use. Further information regarding vacancies was provided by Irene Cabral, Director of Human Resources. The Other Operating Categories commitments were also highlighted, as in comparison to the fiscal year calendar. Attendees were once again encouraged to work with their District Budget Coordinators as they participate in what have evolved into monthly video conferences to enhance the exchange of information/direction relating to the Department's budget.

Attendees were advised that a new format for the Budget report will be presented at the May 2013 Performance Review meeting, since Human Resources has now introduced a matrix for reporting staffing statistics. The Budget Report will be modified to highlight other Operating budget issues, as well as Work Program budget issues.

Personnel Reports – Irene Cabral gave the personnel report.

Economic Parity – In the Economic Parity Report for Females, the Department has a need for 25 in the Service/Maintenance category, but did not have any opportunities to hire a female.

For minorities, the Department has a need of 45 in the Skilled Craft category; we had 2 opportunities and were able to hire 1 minority in those positions. In the Service/Maintenance category where we have a need of 16, the Department did not have any opportunities to hire a minority.

We have completed the new 5 year Affirmative Action Plan for the Department based on the 2010 census data and will be sharing information about by the new goals by ethnic group next month.

Disadvantaged Business Enterprise (DBE) Report – In the DBE Report through March, the Department continues to be at a very high level of DBE participation. The DBE goal for our federally funded contracts is 8.60% and the reported DBE participation half way through the federal fiscal year is 11.84% on federally funded contracts. The report shows the district breakdown on federally funded contracts as well as our state funded contracts where we have 10.43% DBE participation. The federal and state funds combined shows 11.49% DBE participation.

Some contracts to highlight include: District 2 had two contracts awarded to DBEs. One was with John C Hipp for over \$160,000 and a BDI contract to Onas Corporation for over \$224,000. For professional services, District 3 awarded a \$2.5 million contract to American Consulting Services who reported 19.2% DBE participation. Also, District 7 awarded a \$1 million contract to Kissinger Campo who reported 18.35% DBE participation.

Minority Business Enterprise (MBE) Report – In the Minority Business Enterprise Report, the Department is at 75% through the state fiscal year and has expended 87.4% of the dollars spent last year. We continue to move at a good steady pace in spending more with MBEs than we did last year.

4. Additional Comments

Brian Blanchard advised Secretary Prasad and District Secretary Barfield were attending a groundbreaking ceremony for the Mahan project. He also said FDOT's legislative package is looking good and our work program is fully funded for next year at \$9.4 billion.

The meeting adjourned at 9:45 a.m.